

# Senate Study Bill 3203 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON BOLKCOM)

## A BILL FOR

1 An Act authorizing the establishment of a distributed  
2 generation pilot project and making penalties applicable.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1.   NEW SECTION.   **476.6A Distributed generation pilot**  
2 **project.**

3     1.   *a.*   Notwithstanding section 476.44 or any other provision  
4 of law to the contrary, the board shall establish a distributed  
5 generation pilot project for a rate-regulated public utility  
6 that was subject to a revenue sharing settlement agreement with  
7 regard to its electric base rates as of January 1, 2010, if the  
8 board determines that the utility has a need for additional  
9 electric generation capacity. The board shall make such a  
10 determination no later than December 31, 2012.

11    *b.*   For purposes of this section, "*distributed generation*  
12 *facility*" means a biomass conversion facility, a solar energy  
13 conversion facility, or a wind energy conversion facility as  
14 those terms are defined in section 476C.1.

15    2.   A utility that is participating in a distributed  
16 generation pilot project pursuant to subsection 1 shall submit  
17 a filing to the board documenting the following:

18    *a.*   (1) That within five years after the board's  
19 establishment of the pilot project, the utility is purchasing a  
20 minimum of five percent of the utility's required electrical  
21 output from distributed generation facilities. The utility  
22 shall submit annual filings during the five-year interval  
23 following establishment of the pilot project demonstrating  
24 progress toward attainment of this requirement.

25    (2) That the electricity is purchased from distributed  
26 generation facilities in the following percentage amounts:

27    (i)   Sixty percent from wind energy conversion facilities.  
28 Of this sixty percent, fifteen percent shall be purchased  
29 from facilities with a nameplate generating capacity or the  
30 energy production capacity equivalent of each of the following:  
31 between zero and ten kilowatts; between ten and one hundred  
32 kilowatts; between one hundred and one thousand kilowatts; and  
33 between one thousand and twenty thousand kilowatts.

34    (ii)  Twenty percent from solar energy conversion  
35 facilities. Of this twenty percent, five percent shall be

1 purchased from facilities with a nameplate generating capacity  
2 or the energy production capacity equivalent of each of the  
3 following: between zero and ten kilowatts; between ten and  
4 twenty kilowatts; between twenty and one hundred kilowatts; and  
5 between one hundred and twenty thousand kilowatts.

6 (iii) Twenty percent from biomass conversion facilities.  
7 Of this twenty percent, five percent shall be purchased from  
8 facilities with a nameplate generating capacity or the energy  
9 production capacity equivalent of each of the following:  
10 between zero and one hundred kilowatts; between one hundred and  
11 five hundred kilowatts; between five hundred and one thousand  
12 kilowatts; and between one thousand kilowatts and twenty  
13 megawatts.

14 (3) If the utility fails to document purchasing of  
15 the required amounts and percentages of electricity from  
16 distributed generation facilities pursuant to this paragraph  
17 "a", it shall be subject to the penalty provisions of section  
18 476A.14, and possible suspension or revocation of a license or  
19 permit as determined by the board by rule.

20 b. That the utility is in compliance with all applicable  
21 rules relating to distributed generation adopted by the board.

22 3. a. The board shall utilize existing standard offer  
23 contract forms to facilitate interconnection between the  
24 utility and a distributed generation facility as required  
25 pursuant to this section. The standard offer contracts  
26 shall continue in effect for a twenty-year period, subject  
27 to termination provisions for failure to perform, to be  
28 established by the board by rule. The board shall ensure that  
29 the contracts are calculated at reasonable and competitive  
30 rates determined by the board and sufficient to facilitate  
31 distributed generation facility financing. The forms shall be  
32 made available for utilization by July 1, 2013.

33 b. The contracts shall be made available to any  
34 distributed generation facility of up to twenty megawatts of  
35 nameplate generating capacity which seeks to enter into an

1 interconnection and power sales agreement with the utility,  
2 and which meets the requirements of section 476C.1, subsection  
3 6, paragraph "a", and section 476C.1, subsection 6, paragraph  
4 "b", subparagraphs (1) through (3) and subparagraphs (6) and  
5 (7), with regard to fifty-one percent ownership in the facility  
6 being comprised of one or more of the individuals or entities  
7 identified pursuant to those subparagraphs.

8     c. The standard offer contracts shall not contain any  
9 provision or impose any requirement which could create  
10 or constitute an unreasonable barrier to or burden on the  
11 development of distributed generation in this state.

12                                   EXPLANATION

13     This bill authorizes the Iowa utilities board to establish a  
14 distributed generation pilot project if the board determines  
15 that a rate-regulated public utility that was subject to  
16 a revenue sharing settlement agreement with regard to its  
17 electric base rates as of January 1, 2010, has a need for  
18 additional electric generation capacity. Such a determination  
19 is required to be made by the board no later than December 31,  
20 2012. The bill defines a "distributed generation facility" to  
21 mean a biomass conversion facility, a solar energy conversion  
22 facility, or a wind energy conversion facility as those terms  
23 are defined in Code section 476C.1.

24     If the pilot project is established, the specified utility  
25 would be required within five years to be purchasing a minimum  
26 of 5 percent of its required electrical output from distributed  
27 generation facilities. The bill specifies percentage  
28 requirements applicable to the purchase of electricity from  
29 wind, solar, and biomass facilities, and further specifies  
30 percentage requirements applicable to such purchases from  
31 facilities of varying sizes. If the utility fails to document  
32 purchasing the required amounts and percentages, the bill  
33 states that the civil penalty provisions of Code section  
34 476A.14 shall be applicable. This penalty shall not exceed  
35 \$10,000 for each day of continuing violation. The bill also

1 provides that the board may suspend or revoke the utility's  
2 license or permit.

3     The bill states that the board shall utilize existing  
4 standard offer contract forms to facilitate interconnection  
5 between the utility and distributed generation facilities,  
6 which would continue in effect for 20 years and be calculated  
7 at reasonable and competitive rates. Any distributed  
8 generating facility, as defined in the bill, of up to 20  
9 megawatts of nameplate generating capacity would be eligible  
10 for interconnection, provided the facility met ownership  
11 requirements contained in specified provisions of Code section  
12 476C.1. The contract forms shall not contain any provision  
13 or impose any requirement which could create or constitute  
14 an unreasonable barrier to or burden on the development of  
15 distributed generation facilities in Iowa.